3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

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VI

UNRRA and Foreign Relief

THE most urgent economic problem in Austria after the War was the lack of food. It was a problem that could not be dealt with adequately by the first-aid measures that have been described.[1] The assistance given by the occupying Powers in the summer and autumn of 1945 led to a temporary rise in the ration scale, but in the spring of the following year the situation deteriorated. The normal consumer's ration was reduced during March to a theoretical level of 1,200 calories a day. In Vienna during May it amounted in practice to only 950 calories; 'too many to cause death and too few to sustain life', as one member of Parliament put it.

In October 1946 the Federal Chancellor stated in Parliament that Austria had the lowest rations of any country in Europe. According to the official history of UNRRA, Austria had a lower calorie level than any other country in receipt of UNRRA aid. What strained the patience of the Austrian people most severely was an announcement by the occupying Powers in Germany of a higher ration for the ex-enemy country. When this news was made known, food riots broke out in Vienna, and popular indignation was so strong that in November the Austrian Government announced a similar ration of 1,550 calories for Austria. It did so without the approval of the Allied Council and without consultation with UNRRA. There was therefore no guarantee that the necessary supplies would be forthcoming. But the combined efforts of UNRRA and the Governments of the United States and the United Kingdom were equal to the challenge.

The effects of the low calories scale were made worse by the nature of the rations available. They were particularly deficient in fat, animal protein, calcium, and certain vitamins. For two

[1] [Cf. category 116, p. 20 — Analyst]

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

to three months during 1945 in Vienna milk could only be provided for infants in arms and the seriously ill. It was only by gradual and progressive stages that the supply could be organized for children between one and twelve years of age. At the worst period only about 5,000 litres a day were being distributed in the capital, whereas the normal daily consumption in 1952 was approximately 700,000 litres.

The infant mortality and tuberculosis rates in Vienna show the results of under-nourishment. For every thousand live births the mortality rate amongst infants was 191 in 1945, as opposed to 53 in 1938. New cases of tuberculosis numbered 2·87 a thousand in 1946 compared with 1·11 in 1940. The tuberculosis death-rate for the first half of 1946 was nearly double the pre-War figures and about three times as high as in Britain.

The food situation naturally varied a great deal between the country and the towns. In most parts of Austria there was little real shortage on the land, and the consumption of those engaged in food production probably averaged about 3,000 calories a day. In the small country towns, from which access to the farms was easy, official rations could usually be supplemented. It was in the large towns, above all in Vienna, that the position was very serious.

The emergency was aggravated and prolonged by the requirements of the refugees and displaced persons. The return of hundreds of thousands of Austrian prisoners of war during 1945 and 1946 also increased the scale of the problem.

One of the worst features of the whole situation in Vienna was the acute shortage of fuel that accompanied the meagre rations. Gas and electricity were severely rationed, and the supply of both was unreliable and limited to a few hours a day. Fuel of all kinds, whether coal, coke, wood, or oil, for the average person was almost unobtainable. The official ration of coal per household during the winter of 1947–8 was 300 kilograms, and even this quite inadequate amount could not be delivered in full. Yet a great many rooms in the city had broken windows, and glass was in very short supply and

3: Hiscocks G-4, 5 (1946-1949) 1953 EK1 Austria EK1

prohibitively expensive. The pathetic sight was common at the time of an old woman trudging back from a long tramp into the Vienna woods with sticks under her arm and a rucksack full of twigs on her back. The load would at most provide a little heat for a few hours, and the extremity of the need was proved by the lengths to which people would go to produce such small results.

Vienna is a cold city in winter. There is no doubt that the combined effect of unheated houses and inadequate food was responsible for the death of many old and ailing people. It was also partly responsible for the very high suicide rate. In 1946 there were 933 suicides or attempted suicides in Vienna alone.

The figures given regarding the food supply have referred to food coming from official sources. In Austria after the War there was an extensive black market in food, fuel, and a large number of luxuries. It was the time now often described by Austrians as the period of 'The Third Man', after the well-known film with its unflattering portrayal of Viennese conditions. The rationing system was unreliable as well as inadequate. People were justifiably sceptical as to whether they would actually receive the quotas that had been officially announced. In these circumstances it was understandable that they should turn to the black market as an alternative source.

In August 1945, when the shortage was at its worst, black-market food prices in Vienna were about 264 times as high as the official rates. The exorbitant prices reflect the intensity of the need. And there is no doubt that there were many who paid them. Otherwise the health of the people would have suffered much more than it did. There were very few rich. But the majority of the working population had been able to save during the War, when most articles were scarce. Many members of the impoverished aristocracy and middle class parted with their valuables to avoid starvation.

There was a considerable difference between the black market in Austria and that in England. In England rations were

457 There is no doubt, however, that the de-
[511] sired higher standard of living requires greater
433 accomplishments from the economy if, as is the case today not only in Austria but also in other ERP member countries, edible foodstuffs, raw materials and machinery are not to be continuously supplied by foreign aid. In this connection it is useful to recapitulate the value of such aid. Thus the total value of direct and indirect aid, congressional aid, interim aid, surplus goods, gifts, etc., amounted in 1948 and 1949 to approximately 300 million dollars yearly, an amount sufficient to cover the deficit of the payments balance up to now. In other words, the Austrian economy received more than 6 billion schillings which increased the gross national product available for consumption and industrial investments by 20 per cent. Foreign aid in 1950 amounted to 200 million dollars or 4 billion schillings and in 1951 to 100 million dollars.

433 As a matter of fact, production and productivity increased rapidly during the last years. However, this rapid increase was due to the extraordinarily low starting point. It is true that present industrial production exceeds the prewar level by 40 per cent, but it is a result of using about 50 per cent more than in 1937. At the end of 1950 the individual output index of both industrial as well as agricultural labor amounted to 90. Today, the task of increasing productivity rapidly is far more difficult since, in addition to diminishing foreign assistance, any reopening of idle capacities and procurement of additional raw materials and coal is almost impossible. It follows that every percentage of productivity to be gained requires greater efforts than before.

433 In connection with the above, there arises in
439 Austria a specific coordination problem with regard to
454 output gains already achieved in other nations, the question of cost computation. (Compared with Austria's present production ability the American, Swiss, Swedish, and English national economies, during 1949, furnished respectively 7, 4, 3 1/2, and 2 1/2 times as much goods and services per capita. This fact is intensified by the progressive industrialization of the previously agricultural countries of southeastern Europe.) If Austrian manufactured goods (as producers of foreign exchange, and therewith as guarantors of sufficient raw materials, employment and living standard) are to be competitive on international markets, the question of decreasing production costs per unit becomes imperative. Such a decrease, excluding developments beyond the control of

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after the avalanche has subsided to the view, the accompanying thunderous roar continues, itself gradually subsiding into a silence which leaves the ear keyed up for the next demonstration.

The Walser villages are interesting, in character easily distinguishable from other places in Vorarlberg. Every farm is built at least a stone's throw away from the next, according to Walser custom, and isolated houses are to be found as high up as the last slopes which it is at all possible to reach by vehicle.

The picture of the Great Walser Valley reminds the observer that it is not always man who rules nature, but that sometimes it is nature who forces man to acknowledge her imperious rule. The impression left by a visit to the Small Walser Valley is a much friendlier one. This district, which economically is an enclave not only within Vorarlberg but also within Austria, has an individual note due to the highly developed tourist trade which is everywhere in evidence. The natural traffic routes of the Small Walser Valley connect it with the adjacent Allgäu, but it has no direct connections with Vorarlberg or Tyrol. This valley, which offers many opportunities for winter sport, but is also attractive in summer on account of its beautiful scenery, has built up a remarkable tourist connection. It can boast of a very large number of comfortable inns and hotels. You will find them all along the only road, which links up the market towns of Riezlern, Hirschegg and Mittelberg, and on the slopes above. Obviously such developments have an influence on the way of life of the native population. But it is surprising to learn that in the Lesser Walser Valley even simple peasant's farms are furnished with many of the comforts of civilisation. Most of them have central heating, running hot and cold water, mechanical washers and modern kitchen conveniences run by electricity.

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MODERN NOMADS. The Upper Bregenzerwald, that is, the country above the Bregenzer Ache from the Bezau onwards, is chiefly mountainous in character, declining to hill country in the Lower Bregenzerwald. Populous settlements are scattered through the vales which branch off from the wide valley; solitary, 'sun-

565 them. Although the Viennese woman, superficially regarded, may have achieved
593 the emancipation of the self-supporting woman later than those of other countries, she early became the unchallenged and particularly respected representative of a well-defined and charming type of culture in the family, the home and in her salon. The average middle-class woman in Vienna has always lavished her imagination, her good taste, her emotions and her love on the home and its cultured atmosphere.
264 The famous Viennese "Gemütlichkeit" (comfort) is eternally to her credit. This was not difficult for her to achieve in the days of plenty, but she has the art of lending the poetic touch to the simplest meal. A snow-white tablecloth, a tasteful vase with flowers, an old china service, the dainty mat for a wine bottle and a touch of greenery as decoration can make the plainest meal attractive. Or the cobwebby teacloth of the Vienna Jause (tea table) with the hand-painted biedermeier cups, the charmingly arranged flowers, the sugary white and crisp "Guglhupf" (a sort of sponge-cake) in the centre and the aromatic coffee combine to bring a welcome break in the daily round.

265 This is also the reason why the restaurants in Vienna are less frequented than in other big cities. The stranger who remains more than a week in Vienna looks for private lodgings. If he is a man of name and position he soon finds acquaintances and free board. It was the custom when making a longer stay for a visitor to rent a room for the month and to eat only in restaurants.

511 In Vienna everything was cheaper than in most other cities. Karl Julius Weber wrote:—"Where is the great city where a philosopher may live so pleasantly for such a small sum of money and a man of the world can enjoy the fashionable world for an expenditure of 3,000 to 4,000 gulden? In any case one can live in Vienna twice as well as elsewhere with half as much money."

565 Glasbrenner writes with enthusiasm of Vienna:—"The Viennese is above all
181 a human being. In Vienna there is hardly a trace of class-consciousness, for in the same tavern lackeys and cab drivers sit next to artists, rich citizens and merchants,

RECOVERY

1932 League of Nations Loan to lower interest rates, greatly eased the burden of Austria's foreign debt service. Interest payments fell from 282 million schillings in 1932 to 110 million schillings in 1937.

The improved position in the spheres of foreign trade and foreign indebtedness, and the reorganization of banking after the fall of the Credit-Anstalt,[2] put Austria's finances on a thoroughly sound basis. The gold and foreign exchange reserves of the National Bank recovered to a comfortable level. This enabled the Government to do away with most of the exchange control introduced at the height of the crisis; and the value of the schilling was successfully maintained when, in 1936, three of Austria's neighbours—Italy, Switzerland, and Czechoslovakia—devalued their currency.[3] For the second time in her short history Austria had emerged successfully from a very difficult financial position. Confidence in her stability was restored, and in 1937 Austria was in the unique position among all the European debtor nations of obtaining short-term commercial credits on the London market.[4] There can hardly be any doubt that Austria could have solved her problems without any further foreign assistance had she been able to maintain her national independence.

Altogether, then, it may be said that Austria had passed through a period of sound, if stormy, development in the twenty years of her existence. Many improvements were still required, many mistakes remained to be made good. Nevertheless, Austria had reached economic standards which compared very favourably with those of most other countries in central and eastern Europe. Her economic structure was much more similar to that of the Western industrial nations, though her standard of living fell greatly short of, say, British standards. To illustrate

1 [CP CATEGORY 116, p. 77 — ANALYST]

AUSTRIA'S ECONOMIC DEVELOPMENT

Austria's intermediate position between the countries of eastern and western Europe, two sets of comparisons may be given: one showing estimates of the national income of some of the countries in question; the other showing the yearly consumption of some manufactured consumer goods.[5]

ESTIMATES OF NATIONAL INCOME

Country	Year of Estimate	Approx. National Income per Head in U.S. Dollars
Austria	1935	150–160
Czechoslovakia	1937	150–160
Hungary	1937	90–100
Yugoslavia	1937	55–65
France	1936	270–280
United Kingdom	1935	490–500

ESTIMATED YEARLY CONSUMPTION OF SOME MANUFACTURED GOODS PER HEAD OF POPULATION

(Year: 1937)

	Cotton Goods (kilos)	Paper (kilos)	Sugar (kilos)	Wireless Sets (No. of Licences per 1,000 Persons)
Austria	5·1	14·8	19·5	92
Czechoslovakia	4·2	13·9	22·4	69
Hungary	2·4	10·0	12·7	43
Yugoslavia	2·0	3·5	5·4	7
Western Europe	8	30	32	120

THE NEW POLITICAL FRAMEWORK

In this second period of recovery Austria thus acquired what had only been half accomplished in the years from 1923 to 1929: a sound and stable economic foundation. But the recovery after 1932 did not simply pick up the threads of 1929. Political conditions had changed considerably, both at home and abroad; and this decisively